

106TH CONGRESS  
2D SESSION

# H. R. 4732

To require certain actions with respect to the Organization of Petroleum Exporting Countries (OPEC) or any other cartel engaged in oil price fixing, production cutbacks, or other market-distorting practices.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 2000

Mr. GILMAN introduced the following bill; which was referred to the Committee on International Relations, and in addition to the Committee on Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To require certain actions with respect to the Organization of Petroleum Exporting Countries (OPEC) or any other cartel engaged in oil price fixing, production cutbacks, or other market-distorting practices.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

### 3   **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “International Energy  
5   Fair Pricing Act of 2000”.

### 6   **SEC. 2. FINDINGS.**

7       The Congress finds the following:

1           (1) The Organization of Petroleum Exporting  
2           Countries (OPEC), in its capacity as an oil cartel,  
3           has been a critical factor in withholding production  
4           from the market and driving up oil prices approxi-  
5           mately 300 percent from January 1999 to June  
6           2000.

7           (2) Nationwide, gasoline prices have increased  
8           approximately 60 cents a gallon since the beginning  
9           of 1999 with crude oil prices increasing 48 cents  
10          over this same time period.

11          (3) The Department of Energy's weekly survey  
12          showed the average cost of gasoline in the United  
13          States increased 5 cents a gallon to \$1.68 from the  
14          second to the third week of June 2000, a record  
15          high for a fourth week in a row.

16          (4) Price declines in the cost of oil in April  
17          2000, following the March 2000 OPEC meetings,  
18          have been reversed because OPEC output did not  
19          meet global demand and supply conditions. When  
20          OPEC members met in March 2000, quotas were  
21          not set high enough for refiners around the world to  
22          rebuild crude stocks depleted by winter heating de-  
23          mand.

24          (5) Crude oil stocks in the United States are  
25          only 31,000,000 barrels above the lowest operational

1 inventories ever observed in recent times (the equiva-  
2 lent of 2 days of refinery operations) and  
3 20,000,000 barrels under the normal range for the  
4 month of June.

5 (6) The United States needs to make a system-  
6 atic review of its bilateral and multilateral policies  
7 and those of all international organizations and  
8 international financial institutions to ensure that  
9 these policies are not directly or indirectly sup-  
10 porting the oil price fixing activities, policies, and  
11 programs of OPEC.

12 **SEC. 3. POLICY OF THE UNITED STATES.**

13 (a) POLICY WITH RESPECT TO INTERNATIONAL OR-  
14 GANIZATIONS.—It shall be the policy of the United States  
15 that the extent to which each international organization  
16 supports, or otherwise recognizes, OPEC will be an impor-  
17 tant determinant in the relationship between the United  
18 States and this organization.

19 (b) POLICY WITH RESPECT TO INTERNATIONAL FI-  
20 NANCIAL INSTITUTIONS.—It shall be the policy of the  
21 United States that the extent to which each international  
22 financial institution supports or otherwise recognizes  
23 OPEC, will be an important determinant in the relation-  
24 ship between the United States and the institution.

1       (c) POLICY WITH RESPECT TO THE ENERGY AND  
2 DEVELOPMENT ACTIVITIES.—The United States should  
3 carefully review all the energy development projects and  
4 programs administered by the United States Agency for  
5 International Development in developing countries to en-  
6 sure that these projects and programs do not indirectly  
7 or inadvertently support the activities of OPEC.

8       **SEC. 4. POLICY TOWARD THE INTERNATIONAL FINANCIAL**  
9                               **INSTITUTIONS.**

10       (a) REPORT TO THE CONGRESS ON ACTIVITIES OF  
11 THE INTERNATIONAL FINANCIAL INSTITUTIONS.—No  
12 later than 90 days after the date of the enactment of this  
13 Act, the President shall transmit to the Congress a report  
14 that contains the following:

15               (1) A description of any loan, guarantee, or  
16 technical assistance provided or to be provided by  
17 any international financial institution that does or  
18 would directly or indirectly support any activity or  
19 program of OPEC or any other cartel, or any mem-  
20 ber of OPEC or any other cartel, engaging in pro-  
21 duction cutbacks or other market-distorting prac-  
22 tices.

23               (2) A description of the energy sector loans of,  
24 technical assistance provided by, and policies of each  
25 international financial institution, and an analysis of

1 the extent to which the loans, assistance, or policies  
2 promote the complete dismantlement of international  
3 oil price fixing arrangements and the development  
4 of a market-based system for the exploration, pro-  
5 duction, and marketing of petroleum resources.

6 (b) UNITED STATES POSITION IN INTERNATIONAL  
7 FINANCIAL INSTITUTIONS.—The United States Executive  
8 Directors at each international financial institution shall  
9 use the voice, vote, and influence of the United States to  
10 oppose the provision of any loan, guarantee, or technical  
11 assistance by the institution that would directly or indi-  
12 rectly support the activities and programs of OPEC or any  
13 other cartel, or any member of OPEC or any other cartel,  
14 engaging in production cutbacks or other market-dis-  
15 torting practices.

16 **SEC. 5. REPORT RELATING TO THE ORGANIZATION FOR**  
17 **ECONOMIC COOPERATION AND DEVELOP-**  
18 **MENT (OECD).**

19 Not later than 90 days after the date of the enact-  
20 ment of this Act, the President shall prepare and transmit  
21 to Congress a report that—

22 (1) describes the efforts of the Organization for  
23 Economic Cooperation and Development (OECD) to  
24 review the market-distorting practices of inter-  
25 national cartels, including OPEC, and recommends

1 specific actions that the member countries of the  
2 OECD can undertake to combat such practices; and  
3 (2) describes actions to be taken by the United  
4 States to ensure that the OECD expands upon its  
5 activities and programs regarding the operation of  
6 international cartels.

7 **SEC. 6. AMENDMENT TO THE FOREIGN ASSISTANCE ACT OF**  
8 **1961.**

9 Section 106 of the Foreign Assistance Act of 1961  
10 (22 U.S.C. 2151d) is amended by adding at the end the  
11 following:

12 “(g)(1) In carrying out the activities under this chap-  
13 ter, the President shall—

14 “(A) ensure that amounts made available to  
15 carry out this chapter are not used to support, di-  
16 rectly or indirectly, the programs, activities, and  
17 policies of the Organization of Petroleum Exporting  
18 Countries (OPEC), or any other cartel, or any mem-  
19 ber of OPEC or any other cartel, if OPEC or such  
20 other cartel engages in oil price fixing; and

21 “(B) certify annually to the appropriate con-  
22 gressional committees that the requirement of sub-  
23 paragraph (A) has been met for the prior fiscal year.

24 “(2) In this subsection—

1 “(A) the term ‘appropriate congressional com-  
2 mittees’ means—

3 “(i) the Committee on International Rela-  
4 tions and the Committee on Banking and Fi-  
5 nancial Services of the House of Representa-  
6 tives; and

7 “(ii) the Committee on Foreign Relations  
8 and the Committee on Banking, Housing, and  
9 Urban Affairs of the Senate; and

10 “(B) the term ‘oil price fixing’ has the meaning  
11 given such term in section 7(2) of the International  
12 Energy Fair Pricing Act of 2000.”.

13 **SEC. 7. DEFINITIONS.**

14 In this Act:

15 (1) INTERNATIONAL FINANCIAL INSTITU-  
16 TION.—The term “international financial institu-  
17 tion” has the meaning given in section 1701(c)(2) of  
18 the International Financial Institutions Act.

19 (2) OIL PRICE FIXING.—The term “oil price  
20 fixing” means participation in any agreement, ar-  
21 rangement, or understanding with other countries  
22 that are oil exporters to increase the price of oil or  
23 natural gas by means of, inter alia, limiting oil or  
24 gas production or establishing minimum prices for  
25 oil or gas.

1           (3) OPEC.—The term “OPEC” means the Or-  
2           ganization of Petroleum Exporting Countries.

3           (4) PETROLEUM RESOURCES.—The term “pe-  
4           troleum resources” includes petroleum and natural  
5           gas resources.

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